

# BND Exchange

Volume 7 Issue 2 2009



**Thousands Attend  
"529 College Savings Day"  
at the Zoo**

Bank of  
North Dakota

Student Loan  
Industry Changes  
page 2

Changes to BND  
Loan Programs  
page 4

Disaster Relief  
from BND  
page 5



Eric Hardmeyer

## PRESIDENT'S *Message*

The news headlines have talked a lot about the student loan industry since President Obama proposed an end to the Federal Family Education Loan Program (FFELP). You may be wondering what the potential impact to Bank of North Dakota is and what it will mean to colleges and universities in North Dakota.

The President's budget asks Congress to end the entitlements for financial institutions that lend to students. The administration proposes to take advantage of low-cost and stable sources of capital so students are ensured access to loans, while providing high-quality services for students using competitive, private providers to service loans. BND already provides that ideal and has done so consistently for 42 years.

BND has been involved in the federal student loan program since 1967 when we made the first federally insured student loan in the nation. North Dakota has ensured that students attending school in state will have access to a student loan program – either through a federal student loan program or by a state administered program in state statute. Today BND guarantees, originates, and services in excess of 70 percent of all student loans in the state.

Profitability is not our primary motivator; BND is one of a few lenders who fulfill federal requirements while continuing to provide borrower benefits to keep student costs down. In 2008, BND saved student loan borrowers \$3.3 million in origination and default fees. In addition, BND paid \$4.4 million in fees to the U.S. Department of Education. BND profits have traditionally been sent back to the state general fund used to grow capital or to provide new economic development tools. In our efforts to provide low-cost loans, pay fees and provide solid, local customer service, we believe we have North Dakota's students' best interests at heart.

We have been in conversation with our congressional delegation, with hopes that the legislation will include a carve-out for state-owned nonprofit institutions regarding the student loan industry. They are working towards a decision by October of this year. They are targeting a 12 to 18 month implementation and conversion period once a decision has been made on how to move forward.

During this period of uncertainty and transition, we want to assure you that BND remains committed to North Dakota students and their families.≡

# Goehring Appointed Agriculture Commissioner

A third-generation family farmer, Doug Goehring was appointed North Dakota Agriculture Commissioner on April 6, 2009, by Gov. John Hoeven.

In this role, Goehring will now be part of the Industrial Commission which oversees Bank of North Dakota, along with Gov. Hoeven and Attorney General Wayne Stenehjem.

Commissioner Goehring operates a 2,000-acre, no-till farm near Menoken in south central North Dakota, where he raises corn, soybeans, spring wheat, field peas, canola, winter wheat and alfalfa. He has also produced durum, sunflowers, barley, mustard, millet and safflower, and had a feeder cattle operation.

Commissioner Goehring believes development of overseas trade is vital to the growth and prosperity of North Dakota agriculture. He strongly supports increased research into cereal grains and biofuel crops.

As former President and Chairman of the Board of Nodak Mutual Insurance Co. and director of American Agricultural Insurance Co., Commissioner Goehring is a

recognized authority on crop insurance. He is an advocate for improved crop insurance and other insurance products for farmers and ranchers.

Commissioner Goehring is currently a director of the United Soybean Board, an alternate director of the United States Soybean Export Council, a director of the North Dakota Soybean Council and a director of the North Dakota Grain Growers Association. He serves as President of the Menoken School Board, chairman of the Bismarck Mandan Chamber Agriculture Committee and is a member of the USDA Area 4 Research Farm Steering Committee.

Commissioner Goehring has a daughter, Kacie (Steve) Iglehart, and two sons, Dustin and Clinton. ≡



## 2008/2009 Leadership Program Graduates 12

Twelve Bank of North Dakota employees enjoyed workshops in public speaking, effective writing, conflict resolution, 360 degree leadership, personality assessments, critical thinking and decision making, and the legislative process. The group also learned about personal leadership experiences from BND leaders during the intense and productive six-month program.

This team dedicated time and energy to design a formal mentoring program for the Bank, called "Mentoring for the Future. Together We Grow." The vision of this program is to successfully train and foster the growth of Bank of North Dakota (BND) employees. One goal is to help BND run more effectively as employees communicate best practices, share knowledge, and foster a collaborative work environment. This formalized mentoring program will serve as a core development for future leaders and provide an opportunity to help employees reach their full potential. It also is targeted to assist employees in their current role, aid in the progression of their career plans, and address succession planning. ≡



2008/2009 Leadership Program Participants:

Left to right, back to front:

*Brent Earsley, Chad Johnson, John Kramer*

*JoAnn Marsh, Val Timm, Janell Bosch*

*Marina Khachatryan, Rhonda Vetter, Marcy Running*

*Jan Merkel, Donna Roll, Danika Schell*



# BND Legislative Highlights

The 2009 legislative session was unique as North Dakota did not have the severe budget challenges that many areas of the nation had to contend with. The North Dakota Legislature passed several bills that directly impact loan programs at Bank of North Dakota and the customers it serves. Implementation and management of these new or expanded loan programs will assist economic development and benefit the citizens of our state.

Some of the legislative highlights include:

- AgPACE Loan Program was expanded to include \$1 million in interest buy down funds to assist farmers and ranchers who have been impacted by weather related events. This was effective as of May 19, 2009.
- Health Information Technology and Planning Loan Fund created to provide loans to health care providers to purchase and upgrade electronic health record technology and to assist in improving health information technology infrastructure. This was effective as of May 19, 2009.

- First Time Farmer Finance, Family Farm, and Farm Operating Loan Programs were expanded with new eligibility requirements and maximum loan amount provisions. This will be in effect as of August 1, 2009.
- The New Venture Capital Program legislative sunset date was removed and an addition was made to include entrepreneurship awards totaling \$1 million. This will be in effect as of August 1, 2009.
- The Beginning Entrepreneur Guarantee Loan Program was amended to ensure on-going availability of loan dollars. This will be in effect as of August 1, 2009.
- Legislation was enacted providing several North Dakota State Agencies the ability to borrow necessary funds from BND for a wide range of business purposes in the 2009-11 biennium. This was effective as of July 1, 2009.

Bank of North Dakota remains committed to serving the financial needs of our state. If you have questions or need additional information about these programs, please contact BND Lending Services at (701) 328-5777. ≡





## Disaster Relief from Bank of North Dakota

Bank of North Dakota (BND) is providing a low interest rate disaster relief program for North Dakota farmers and ranchers impacted by this springs' weather events. Working in partnership with local community financial institutions in affected areas, BND is assisting in funding the disaster loans.

"I have met with farmers and ranchers across the state who are in need of economic assistance," said Gov. John Hoeven. "Bank of North Dakota can help provide that assistance through this low interest loan program."

To begin the loan process, North Dakota farmers and ranchers severely impacted by weather-related events should inquire about the low interest loan program through their local financial institution.

"The program for farmers and ranchers is designed to help them recover from damage and give them the ability to restructure their debt with a fixed interest rate loan of 4.75 percent over five years," said Agriculture Commissioner Doug Goehring.

The Disaster Relief Loan Program also has a variable rate option of prime minus .5 percent which is currently 2.75%.

Attorney General Wayne Stenehjem stated, "The disaster loan program will provide much needed assistance at a vital time. Being able to provide a low interest loan in order to keep farmers and ranchers operating is crucial."

"BND has structured the program to provide the needed funding with minimal processing time and cost to the borrower in order to meet the needs of those on the front line of these weather related events," said Eric Hardmeyer, BND president.

Find more information about this program at [www.banknd.nd.gov](http://www.banknd.nd.gov).

BND also offered temporary relief to student loan borrowers affected by the flooding disasters in North Dakota.

Wally Erhardt, SLND associate director said, "We urged those in student loan repayment to speak to their lenders about temporary relief from those obligations and we offered assistance to borrowers on their questions." ≡







## BND: People Set Us Apart

### Joel Erickson

Joel Erickson has been a Commercial Loan Officer for Bank of North Dakota for 12 years. In this role Joel works with lenders across North Dakota to assist them in providing loan products to their local commercial customers. During his time at BND, Joel has made great friendships with many lenders and economic developers in North Dakota. These friendships, along with being involved in a large variety of exciting projects within the state, are important reasons for Joel's dedication to BND over the years.

In his free time, Joel and his daughter like to travel to his family farm in Minnesota where they ride four-wheelers. ➤

### Joel Erickson

Commercial Loan Officer

Years with BND: 12

jberickson@nd.gov



### Val Timm

Retail, Customer Service and Loan  
Operations Manager

Years with BND: 2

vtimm@nd.gov



### Val Timm

Val Timm began her banking career nearly 25 years ago. She came to Bank of North Dakota two years ago to serve as the Retail, Customer Service and Loan Operations Manager. She finds the people with whom she works, as well as the variety of duties her job includes, to be the best parts of her job.

Val enjoys giving her time to other important groups as well. She currently is a member of the Office and Technology Advisory Committee at Bismarck State College, a board member for Burleigh County Social Services, and is an Audit Committee member for the Trinity Lutheran Church.

When not working or volunteering, Val cherishes time with family and friends. She also enjoys camping, boating and reading. ➤

# Student Loan Services Working for North Dakota Students

## DEAL Changes

In January, Bank of North Dakota lowered interest rates on its Dakota Education Alternative Loan (DEAL) to 5.99 percent for a fixed rate loan. Then in April, BND went even further to save students millions of dollars.

“We lowered interest rates on many of our existing, fixed interest rate DEAL loans for North Dakota residents,” said Shirley Glass, assistant director BND Student Loan Services. “We also capped all new fixed interest DEAL loans at 5.99 percent through December 31, 2009.”

The interest rate reduction on existing loans affected approximately 8,800 North Dakota residents on more than 15,000 loans. Interest rates on loans were reduced to six percent for the life of the loan. All borrowers’ loans with a fixed interest rate lower than six percent were unaffected. Borrowers with variable interest rate loans, which are currently in the BND student loan portfolio at an interest rate of 2.10 percent, also were unaffected by the changes. In addition, BND waives the two percent administrative fee for North Dakota residents, making DEAL a zero fee loan.

Estimated savings to students due to the lower interest rates is \$1.5 million in 2009 and \$2 million in 2010. These cost saving measures are in addition to \$3.3 million BND already saved students in 2008 by paying the origination and default fees and reducing borrower interest rates if they use the ACH payments method.

## LinkUp Can Help Pay Down Student Loans

In June, BND announced its new LinkUp program, a free program that enables borrowers to use rewards they earn with Upromise® to help pay down their BND student loans.

For example, a borrower who has student loans totaling \$20,000 and who earns \$50 per year in Upromise rewards could save nearly \$1,000 or three full months of repayment. Rewards earned through Upromise are in addition to other BND-sponsored savings programs that may include zero-fee loans or state and federal repayment benefit programs.

“To qualify for LinkUp, borrowers must have one or more eligible federal or Dakota Education Alternative Loans (DEAL) serviced by Bank of North Dakota,” said Julie Kubisiak, vice president of Student Loan Services. “Upromise rewards can be automatically applied each quarter to borrowers’ accounts.”

Upromise members can earn college savings rewards for higher education expenses when they shop online, dine out at participating restaurants, or buy gas or groceries. Joining Upromise is free and BND customers can accrue rewards which can be applied toward a BND student loan account or moved into North Dakota’s College SAVE 529 Plan. To learn more about how to LinkUp your BND and Upromise accounts, visit [www.upromise.com/bnd](http://www.upromise.com/bnd). To learn more about Upromise, visit [www.upromise.com](http://www.upromise.com).

## ND Jump\$tart Coalition

Since its inception in 2006, Bank of North Dakota has been very active in the North Dakota Jump\$tart Coalition for Personal Financial Literacy. Roughly 60 people from across the state took part Wednesday, April 15, in the North Dakota Jump\$tart Coalition’s 2nd Annual Financial Literacy Conference. Topics and speakers included Terry Fitzgerald, senior economist at the Federal Reserve Bank of Minneapolis, discussing perspective on the current recession; a panel of North Dakota professionals for discussion on North Dakota’s economic outlook; Maritta Bush, Jump\$tart regional director, speaking about the road to financial literacy; and Heidi Heitkamp, former ND Attorney General, delivering a motivational presentation on changing the world. ≡



*Julie Kubisiak of BND, president of ND Jump\$tart, with Maritta Bush, Jump\$tart regional director*



Bank of North Dakota

1200 Memorial Hwy  
P.O. Box 5509  
Bismarck, ND 58506-5509  
[www.banknd.nd.gov](http://www.banknd.nd.gov)

CHANGE SERVICE REQUESTED

Presort Standard  
U.S. Postage  
PAID  
Permit No. 419  
Bismarck, ND

## Bank of North Dakota *Happenings*

### Erhardt Honored with President's Award

Wally Erhardt, associate director of Guaranty Services at SLND, received the prestigious "President's Award" for his commitment and promotion of financial aid and financial literacy to students and parents across the state. Donna Seaboy of Sitting Bull College and President of ND Association of Student Financial Aid Administrators (NDASFAA), presented this honor to Wally during the annual NDASFAA conference held in Dickinson, ND April 6-8. Wally is a long-time advocate of financial aid and literacy and is active in many organizations including NDASFAA, SDASFAA, RNASFAA, NCHELP, College Goal Sunday, ND Jump\$tart, and Junior Achievement. ≡



### NDCAN and SLND

The North Dakota College Access Network (NDCAN) has teamed up with College Information Service (CIS) to provide important resources, tools, links and other information that will make the jump to higher education easier. CIS is a collection of information provided by Student Loans of North Dakota. CIS has been a resource to parents, students, counselors, and financial aid administrators at North Dakota's public, private, and tribal schools since 1993. NDCAN and CIS are proud to pool its resources in order to give you a cohesive and simple plan to navigate the challenges of accessing college and learn more about your options. Go to [www.nd-can.com](http://www.nd-can.com). ≡

### North Dakota Strong

BND had the privilege of serving, supporting and moving North Dakota with record profits and innovative programs in 2008. "North Dakota Strong" is the theme for BND's 2008 Annual Report. Net earnings in 2008 increased to \$57 million, 11.5 percent over 2007. Total assets grew 26.5 percent from 2007 to reach \$3.516 billion. Loan growth exceeded \$613 million on the strength of our state's economy and a diversified loan portfolio. You can access the annual report at [www.banknd.nd.gov](http://www.banknd.nd.gov). ≡



### BND to Celebrate 90 Years with Open House

Bank of North Dakota will celebrate its 90th anniversary July 28th to coincide with BND's first official day of business, July 28, 1919.

Established February 25, 1919, BND was not the only state-owned bank of its time. However, it is the only surviving state-owned bank in the nation with a mission that has not wavered: To Deliver Quality, Sound Financial Services that Promote Agriculture, Commerce and Industry in North Dakota.

BND will celebrate its 90th anniversary with an open house July 28th. North Dakota residents, retail Bank customers and our business clients and partners can stop in from 1:00 p.m. - 4:00 p.m. to reminisce, take a tour of our new facility, or enjoy some coffee and a treat. ≡



The only state-owned bank in the nation, Bank of North Dakota is overseen by the Industrial Commission of North Dakota, consisting of Gov. John Hoeven as Chairman, Attorney General Wayne Stenehjem, and Agriculture Commissioner Doug Goehring.

BND  
Exchange